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Meeting the Challenge of *A Time To Act:* USDA Progress and Achievements on Small Farms

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Meeting the Challenge of *A Time To Act*: USDA Progress and Achievements on Small Farms. Prepared by the USDA Coordinators for Small Farms. Research, Education, and Economics, U.S. Department of Agriculture. Miscellaneous Publication No. 1563.

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FOREWORD

Dan Glickman, Secretary of Agriculture

When I formed the National Commission on Small Farms in 1997, I asked the Commission to examine the status of small farms in the United States and determine a course of action for USDA to recognize, respect, and respond to the needs of small farms through changes in policy, practices, and programs.

Our historic mission in USDA has been to ensure an abundant and safe national food supply. In its 1998 report *A Time to Act*, the Commission challenged us to revisit this mission. They asked us to be more cognizant of how we produce an abundant, safe food supply; to recognize the full diversity of contributors to this goal; to ensure that the market accommodates all producers fairly; and to recognize different needs and contributions of the diverse farm operations in this country.

The Commission's message to USDA is a bold one: If we value a diverse agriculture, we cannot afford to design, implement, and perpetuate policies and programs that fail to recognize differences among farms. The traditional farm policy approach is nearly gone with the demise of 60-year-old commodity programs. The future demands an alternative approach, one that is able to nurture a diversity that will continue to spur innovation and growth.

A Time to Act reminds us that responsible government does not require the guarantee of economic prosperity. Rather, responsible government requires us to provide all individuals an equal opportunity to achieve prosperity.

The Commission challenges us to look beyond the obvious end result of an abundant and accessible food supply, to recognize the economic and social value of preserving a diversity in agricultural structure that offers promising opportunities for future generations. To promote prosperity that comes with diversity, our policies and programs must demonstrate a balance between achieving economic efficiency and profitability on the one hand, and the equally valuable economic and social contribution of vibrant agricultural communities on the other.

A Time to Act made dozens of recommendations pinpointing areas to improve. Since the Commission submitted the report, hundreds of individuals in the Department have spent countless hours revisiting programs and policies to see what can be changed, added, or eliminated, to meet the challenges of the future for agriculture. We are making progress, but much remains to be done. I applaud the Commission for challenging us. I also applaud the efforts of so many individuals to look beyond their daily jobs and rise to the Commission's challenge to demand more from programs, to be innovative, and to recommend the actions needed to met the policy goals and implement the recommendations in *A Time to Act.*

This report illustrates much of the progress made since the release of *A Time to Act* through the end of calendar year 1999 and it is evident that our efforts are dynamic and a work in progress. I am particularly pleased with the efforts of USDA agencies to collaboratively reach out to small, disadvantaged, and limited-resource farmers, to inform them of programs and services available, and to provide technical assistance to support market access and development. Interagency collaboration was a shortcoming cited by the Commission, so these efforts deserve special mention in our highlight report.

I have taken several steps to provide a framework and focus for the Department's efforts on behalf of small farms, and to ensure that we continue to rise to the challenges given us by the Commission. First, I issued the first small farms policy statement, incorporating small farms policy explicitly into the mission of the Department. Second, the Department now has a formal mechanism in place to focus our work on developing programs and policies that serve the best interests of small farms, with the creation of a departmentwide group of coordinators for each mission area, individual agencies, the Office of Outreach, and the Office of Civil Rights. The Departmental Regulation on Small Farms Policy, issued in September 1999, established a Council on Small Farms, comprised of subcabinet officials, the Director of the Office of Outreach, and the Director of the Office of Civil Rights. The Council is chaired by Deputy Secretary Richard Rominger. Third, a Sustainable Development and Small Farms home page, www.usda.gov/oce/sdsf, offers easy access to small farms and sustainable development programs and activities and contact persons. In November 1999, as recommended by the Council, we established an external Advisory Committee on Small Farms to continue the effort started by the Commission, whose charter expired in July 1999. This Advisory Committee will recommend actions to take to enhance the viability and economic livelihood of small farms and provide continued momentum to implement the Commission's recommendations.

I look forward to further progress in meeting the needs of small farmers, fueled by a partnership between USDA and the Advisory Committee that will continue to bring a fresh look to our policies and programs.

INTRODUCTION

This report outlines the progress and achievements of the U.S. Department of Agriculture in response to the USDA National Commission on Small Farms report, *A Time to Act*.

The Commission was appointed by Agriculture Secretary Dan Glickman in July 1997 to recommend a course of action for USDA to recognize, respect, and respond to the needs of small farms, ranches, and woodlots. The Commission's report, *A Time to Act,* submitted to Secretary Glickman on January 22, 1998, included 8 policy goals and 146 recommendations based on written and oral testimony from over 600 people attending 7 public hearings and meetings held around the United States.

Every mission area in the Department of Agriculture has committed staff time and resources to address the recommendations made. This report identifies much of the progress made to date. Its timeframe is from February 1998 to December 31, 1999; however, much has been accomplished since that time. Most recently, the new USDA Advisory Committee on Small Farms held its first meeting on January 19 and 20, 2000, in Washington, D.C. The Advisory Committee replaced the Commission, whose term expired in July 1999.

The accomplishments contained in the report are divided into the following program areas:

- Outreach and Organization
- Market Development
- Market Access
- Risk Management, Conservation, and Credit
- Research and Extension
- Beginning Farmers, Farm Workers, and Civil Rights

These program areas were outlined in report cards issued by the Time to Act! Campaign, whose purpose is to promote the recommendations of the USDA National Commission on Small Farms. The Time to Act! Campaign is comprised of individual persons who served as members of the Commission. Their role in the Time to Act! Campaign is an independent activity. As a followup to the Commission's report, the Time to Act! Campaign issued its first report card on the implementation of the Commission's recommendations in February 1999 and a second report card in January 2000. Both report cards identified many achievements made by USDA in responding to *A Time to Act* and many areas where more work needs to be done.

This report was prepared by the Department's Small Farms Coordinators, who represent each USDA mission area. An update to this progress report is likely to be issued in the near future as USDA continues to make important strides in meeting the challenge of *A Time to Act*.

OUTREACH AND ORGANIZATION

Commission Recommendations: The Commission remarked on a lack of focused attention on small farms and an attitude of indifference toward the needs of small farmers and ranchers. Recommendations included the establishment of an administrator for small farms to provide a dedicated focus for small farm issues within USDA and intensified and targeted outreach, particularly to minority farmers and ranchers.

1999 and 2000 Report Cards Achievements Noted: Appointment of the Director of Sustainable Development and Small Farms; establishment of the Council on Small Farms at the subcabinet level to serve as the policy making and implementing board on small farms issues; and appointment of small farm coordinators for each mission area, individual agencies, the Office of Outreach, and the Office of Civil Rights. The Time to Act! Campaign, in its first report card, noted that some agencies have begun to translate materials to reach non-English speaking farmers and ranchers, and that some field offices are taking other positive steps to reach underserved farmers. All agencies and mission areas revisited their strategic plans and missions to accommodate small farm issues.

AGENCY HIGHLIGHTS

Agencies made considerable strides in fiscal year 1999 to collaboratively reach out to small, limited-resource, and minority farmers, as well as to local communities, to ensure a better understanding of the programs and services that USDA can offer. Such outreach efforts have enabled agencies to obtain a better understanding of the needs of our diverse customers, and will help them to target programs and services to meet specific customer needs. One of the best examples of collaboration among USDA agencies was the highly successful Agricultural Marketing Outreach Workshop held in March 1999, in Memphis, Tennessee. Several agencies provided funding and technical expertise to sponsor workshop sessions for more than 500 participants. Other agency highlights are described below.

Risk Management Agency (RMA)
RMA continues to increase outreach activities aimed at ensuring that all farmers and ranchers can equally access all risk management tools and programs. RMA has a full-time national outreach coordinator as well as regional outreach coordinators in 10 Regional Service Offices to implement the national outreach activities. Approximately 400 letters were mailed to community groups and organizations to encourage them to inform their constituents about the emergency relief to farmers and the premium discount offered to producers for the 1999 crop year.

Cooperative agreements were signed with 11 community-based organizations and other groups to provide risk management education and technical assistance programs. Four outreach proposals are being developed for fiscal year 2000. RMA reached more than 45,500 producers in nearly 1,000 workshops and other educational sessions in 1999. Most producers reached through this initiative operate small farms. Education grants totaling $3 million were funded in fiscal year 1999. Five projects, totaling $880,000, explicitly targeted small and limited-resource farmers. The remaining grants are directed toward all farmers, but are expected to reach many small and limited-resource producers as well.

Forest Service (FS)
FS implemented its North and South Carolina Outreach Pilot Project to field-test new and innovative techniques used to provide information and technical assistance to traditionally underserved landowners.

Small farmers, who are often woodlot owners, do not receive current information about private forestry programs and initiatives. This 3-year pilot project will develop new and more efficient methods to provide information and assistance to small and underserved agricultural producers. The project calls for close cooperation with USDA's Office of Outreach and the Small Farmer Outreach, Training, and Technical Assistance Program.

The FS Southern Region also provided leadership in planning the Southern Landowner Outreach Conference, held in Alabama in January 1999. This was a sequel to the successful 1998 "Summit of the South," held in Richmond, Virginia, during fiscal year 1998.

Agricultural Marketing Service (AMS)
In March 1999, a team from AMS participated in the Agricultural Marketing Outreach Workshop for Limited-resource Farmers in Memphis, Tennessee, a joint effort of USDA, Southern University and A&M College. Workshops were held to help farmers maximize their economic potential through alternative crop selection, efficient production techniques, and innovative marketing methods. The workshop brought together individuals from all aspects of the agriculture industry, including learning institutions, community-based organizations, government agencies, and private industry.

AMS joined the Friends of the Santa Fe Farmers Market to host a meeting February 4-6, 1999, in Santa Fe, New Mexico, to address the issue of attracting minority farmers and customers to farmers and public markets. With a large Hispanic population, the panel focused on ways to maintain, enhance, and further develop satellite and permanent farmers markets and to strengthen and sustain small farm agriculture throughout these regions. Other topics addressed minority issues, location, product mix, farm issues, and the future of farmers markets.

Grain Inspection, Packers and Stockyards Administration (GIPSA)
GIPSA continues to meet with hog producers throughout the Midwest to present findings from investigations and to learn about producers' concerns and issues. Thus far, about 12 meetings have taken place, with nearly 1,000 producers attending to hear the results of the 1996 Midwest hog investigation. GIPSA has also met with 2,000 hog producers (mostly small farmers) to explain the restructuring of GIPSA, recent investigations, and USDA assistance for hog producers.

In addition to its meetings with hog producers to hear their concerns and issues, GIPSA is communicating the results of a major western Corn Belt hog investigation to hog producers throughout the Midwest. The meetings also provide information about the changes in AMS price reports and how producers can better use price reporting information. The meetings are in cooperation with multiple USDA agencies, including AMS, the Rural Business-Cooperative Service, the Farm Service Agency, and the Animal and Plant Health Inspection Service. In all, more than 3,000 participants attended 26 meetings. (See this item also under Market Access highlights.)

Rapid response teams from GIPSA in South Dakota and Missouri responded to growing concern by cattle and hog producers that packers were allegedly violating the Packers & Stockyards (P&S) Act, following enactment of mandatory livestock price reporting laws in those States. Teams met with producers to deal with high-priority investigations. Expeditious examination and analysis of allegations are required to prevent or minimize major competitive or financial harm resulting from P&S Act violations.

To improve relations with Native Americans and rural communities, GIPSA has stepped up efforts to reach minority farmers. GIPSA and other USDA agencies met with the United Keetoowah Band (part of the

Cherokee Indian Tribe) to explain the programs designed to meet needs of Native Americans and rural communities.

GIPSA has expanded communication efforts in order to improve dialogue with grassroots and industry associations and with policy makers. GIPSA participates in meetings at local, State, and national levels, and meets individually with producers during investigations. A new hotline (1-800-988-3447) has been established to hear concerns and record complaints about anticompetitive or unfair trade practices or financial issues that may warrant an investigation.

Farm Service Agency (FSA)
FSA has tailored many of its information, training, and dissemination programs to numerous underserved groups, including Native Americans, Hmong producers and other Asian-American populations, and Latin Americans. These groups in many cases face language and other barriers in being able to take full advantage of FSA's programs and services. For example, outreach meetings were held with Hmong community leaders and farmers; a Hmong-fluent loan packager was hired; and airtime was purchased on Hmong language radio programs to further news dissemination about FSA programs and services. The result was an impressive increase in loan activity, from no loan activity in fiscal year 1997 to 28 out of 42 loans in Fresno, California, alone. Grants of $2,000 were made to purchase and install irrigation systems to meet grower needs. Seminars were conducted with the Cambodian American League, providing basic business management skills, including accounting, marketing, pricing, and credit management. Bilingual program technicians were hired to assist minority and economically disadvantaged farmers with English difficulty with their participation in FSA programs.

In the second year of a 5-year project to extend USDA programs to Native Americans and Tribal Governments, FSA, RMA, the Foreign Agricultural Service (FAS), and the Natural Resources Conservation Service (NRCS) are dedicating full-time workers to facilitate outreach. Other examples of targeting outreach projects to customers with special needs are projects directed to Stone College in Montana, the Fond du Lac Tribal and Community College, the National Tribal Development Association Media Blitz, and the Cherokee Nation Indian Project.

African American farmers are benefiting from FSA's grants to expose American youth to business ownership, to enhance rural at-risk youth awareness of viable careers in agriculture, to assist tobacco farmers to transition to alternative crops, and to provide training and technical assistance to black farmers in Virginia.

FSA also has a 5-year project underway with the University of Puerto Rico to help underserved small and limited-resource farmers enhance their economic viability and marketing opportunities. FSA is beginning a similar project in conjunction with community-based organizations in the U.S. Virgin Islands. FSA is collaborating with a consortium of universities, including the University of Puerto Rico, to establish a center of excellence to mentor college students pursuing careers in agriculture and related fields.

Food and Nutrition Service (FNS)
FNS continues to hold regional conferences to encourage more States and Indian Tribal Organizations to participate in nutrition programs. A conference was held in Albuquerque, New Mexico, to disseminate nutrition program information and encourage greater participation.

Food Safety and Inspection Service (FSIS)
FSIS and CSREES provided funding to develop and distribute a supplement to the *Food Safety Digest* that communicates in nontechnical terms the important messages delivered at Hazard Analysis And Critical

Control Point (HACCP) workshops. Target audiences included those who can reach out to small producers ("information multipliers"), local livestock markets, county extension agents, local Farm Bureaus, State animal health officials, and small packing plants. Materials were made available through the Livestock Conservation Institute's home page.

As a contributor to the Agricultural Marketing Outreach Workshop, FSIS provided funding and technical expertise for workshops focusing on marketing plans; producing and marketing quality products; and beef, pork, goat, and poultry product quality demonstrations.

FSIS promoted State-based animal-production food safety partnership activities by funding 11 contracts through the Food and Drug Administration Federal/State Residue Program. Seven new State contracts were funded to deliver food safety and HACCP information and encourage adoption of HACCP-compatible practices, especially among small farmers and ranchers.

FSIS is providing resources to 1890 and 1994 universities to develop model HACCP plants that can be used as training sites for small and very small meat and poultry plants implementing HACCP systems. The university models will partner with animal production and marketing experts to develop and implement educational strategies aimed at small producers and suppliers. The training modules will promote adoption of good production practices to reduce the risks of residues and pathogens in or on animals. Good practices also will make small producers become more competitive by supplying better quality animals for these plants, thus enhancing their sustainability.

FSIS is also allocating resources to develop, test, and disseminate teaching modules for the Animal-Production Food Safety College of the FSIS Food Safety Virtual University (FSVU) being established by FSIS staff in College Station, Texas. Included in the contracts will be train-the-trainer workshops to pilot-test and refine the educational materials developed before dissemination. Modules will be tailored to specific expert groups, to enhance their teaching food safety concepts to food animal producers, especially small farmers. Those identified expert groups include veterinarians, agricultural education teachers, and extension agents. Materials developed can be used to prepare meetings, workshops, speeches, articles, brochures, posters, etc., targeted at animal producers and other members of the food-animal production community.

Cooperative State Research, Education, and Extension Service (CSREES)
CSREES was the lead sponsor for the second National Small Farms Conference held October 12-15, 1999, in St. Louis, Missouri. The conference was designed to build partnerships with public- and private-sector organizations that directly interact with farmers to better serve their particular needs and the needs of small farm communities.

CSREES inaugurated its *Small Farm Digest,* serving diverse readership needs of the land-grant universities (1862, 1890-Historically Black, and 1994-Tribal), the private sector, and small farm and ranching communities nationwide. Published three times a year, the *Digest* has a readership of over 27,000. A new format devotes half of an issue to a theme, e.g., focusing on marketing using the Internet (on-line marketing) in the Winter 1999 issue. The Spring/Summer 1999 issue focused on "U-pick" operations; and the Fall 1999 issue focused on value-added products. Content also includes: USDA news of special interest to small farmers, interviews with small farmers around the country; informational resources; grant, loan, and training opportunities; small farm success stories; and upcoming events of special interest to small farmers and ranchers.

CSREES awarded four grants in March 1999 to land-grant university partners (North Carolina A&T State University, Cornell University, Lincoln University, and University of California-Davis) to conduct feasibility studies for the establishment of four regional small farm centers. The centers will identify problems and issues that can be addressed on a regional basis, and build on the research, education, extension, financial, and technical strengths of the 1994, 1890, and 1862 land-grant partners; community-based organizations; and other public- and private-sector organizations.

Through partnership with the land-grant system, small farm program coordinators have been identified in every State and Territory to coordinate local small farm programs, funded through annual Smith-Lever formula funds. Plans are underway to enhance the interaction between the national office and State coordinators, particularly in handling questions and information requests made to the national office.

A toll-free number (1-800-583-3071) has been established by CSREES' Plant and Animal Systems unit to give small farmers easy access and quicker responses to questions, requests for publications, and inquiries about current events. Through CSREES' web site, users can now exchange small-farm-related information, request ideas, share success stories, contribute to a calendar of events and obtain publications and other information. The small farm web site averages over 700 "hits" per month and is found at www.reeusda.gov/smallfarm. Users can access information about State farm program coordinators, programs at local universities, the *Small Farm Digest*, upcoming events, the *Time to Act* report by the National Commission on Small Farms, proceedings of the 1996 National Small Farm Conference, the National Plan for Small Farms, and many other links.

Foreign Agricultural Service (FAS)

FAS implemented initiatives to strengthen its outreach efforts to small companies, with a special emphasis on minority/disadvantaged groups. As a result, minority businesses and organizations are now beginning to capitalize on new market opportunities created by the North American Free Trade Agreement and the Uruguay Round. FAS is encouraging interest in exporting among under-represented constituents including the Hmong, Native Americans, minority/disadvantaged, and women's groups.

FAS is reaching small businesses by taking the export message to local media, Chambers of Commerce, State economic agencies, universities, and industry contacts to build partnerships and alert small businesses to the importance of U.S. agricultural exports. Perhaps the easiest and least costly avenue for a small business to enter the export market is through one of the trade shows sponsored or endorsed by the FAS Trade Show Office. These trade shows give hundreds of companies, many of which are small or first-time participants, an opportunity to showcase their products, meet with foreign buyers, and make sales, all without leaving the United States. The annual FMI-NASDA Export Showcase, held in Chicago in 1999, gave 350 companies this opportunity.

FAS improved its customer service to small companies by initiating pilot outreach offices in Portland, Denver, and Sacramento, staffed by FAS employees. In conjunction with FSA, FAS also established a pilot office in De Moines. These outreach offices provide a complete range of export services for small and new businesses.

FAS developed and targeted distribution of an outreach brochure and video to thousands of trade contacts to develop an export mind-set among U.S. businesses, including distribution of the video to over 9,700 vocational agriculture teachers. FAS' Technical Assistance and Promotion Office also distributed marketing-trade information reports on CD ROMS to States and associations.

FAS provided the Rural Coalition--a coalition of 90 rural and minority groups in the United States and Mexico--with a trade presentation, followed up with a mailing of action kits and how-to-export tapes. FAS also collaborated with other agencies and association contacts, to showcase the Hmong farm community in a Farmers Market Booth at the FMI-NASDA Food Export Showcase in Chicago. FAS also participated in USDA's Natural Resources Conservation Service (NRCS) outreach program with the Inter-Tribal Agriculture Council (IAC). Under this program, participating USDA agencies provide intensive training on USDA programs to IAC outreach coordinators over a 2-week period. FAS provided training on the Market Promotion Program (MPP) and worked closely with coordinators to identify export-ready American Indian companies, and to recruit those companies for participation in the MPP and other FAS promotion activities. FAS has also directed outreach efforts to the Agri-Women's Leadership Network (consisting of 20 women's organizations, such as the Women Involved in Farm Economics, or WIFE) on export opportunities and programs and services to assist women-owned businesses. Mailings of support materials (brochures, videos, how-to-export information) and follow-up contact have led to additional business contacts and interest in the export market.

FAS initiated a memorandum of understanding with North Carolina Agriculture and Technical School, along with the Rural Business-Cooperative Service and FSA, to establish a Center of Excellence at North Carolina A&T State University. The Center will identify and work to eliminate barriers to participation of small businesses (including small and limited-resource farmers) in international agricultural trade.

FAS also sponsored a workshop at the Memphis Outreach Conference focusing on export markets and opportunities for products such as catfish, vegetables, and soybeans, and sought more information on how to export and on USDA programs to assist them. Although comparatively small-scale, some producers have well-established contracts with supermarkets and other outlets, especially for vegetables.

Rural Business-Cooperative Service (RBS)

RBS instructed cooperative development specialists in Rural Development State offices to deliver technical assistance to farmers seeking to form cooperatives. RBS also revised its strategic plan to incorporate priority goals on outreach to small farms, provision of technical assistance, and availability of various loans and grants programs. RBS participated in several conferences targeted to small, limited-resource farmers and cooperatives, and detailed personnel to the NAACP in order to serve as a liaison with Afro-American producers. RBS' outreach efforts are designed to inform small, minority, women, and beginning farmers about business development loan and grant programs, and to create an understanding of the need for producer cooperatives and the benefits to the small farm member for joining or organizing a cooperative. In addition, RBS provides grants to sponsor market development opportunities for small and limited-resource farmers and cooperatives.

The Rural Economic Developers Association Conference provided participants with an overview of RBS programs, including small farm initiatives, the Administrator's priority to work with targeted groups, and the $200 million set-aside from the Business and Industry Guarantee Loan program for cooperative financing. At the Hampton University Historically Black College and University Conference, participants were informed about RBS business programs and objectives, including assistance to small farmers, minority, women, and beginning farmers. Attendees were asked to use the RBS cooperative agreements for outreach and technical assistance to target groups and areas for their better access to RBS programs. RBS also helped plan as well as participate in the Farm Cooperative 2000 Invitational Conference, intended for leaders from cooperatives, universities, and government. The meeting focused on innovative roles and actions for farm cooperatives, including small farm cooperatives.

RBS also appointed a representative to the NAACP Small Farm Task Force, who attended a rural advocacy training conference at Tuskegee University. Information on programs available through RBS was provided at the NAACP National Conference in Atlanta. The plight of black farmers was the major thrust of NAACP's national conference.

MARKET DEVELOPMENT

Commission Recommendations: In addition to enforcing fair market practices, the Commission recommended several ways that USDA could apply its market development programs and resources to bolster the marketing opportunities unique to small farms. Recommendations included an emphasis on cooperative development programs for farmer-owned, value-added enterprises; expansion of direct marketing assistance; interagency efforts to support local and regional food marketing systems between farmers and urban consumers; and an entrepreneurial education initiative to teach business development and marketing skills for farm- and forestry-based, value-added businesses.

Report card Achievements Noted: USDA received positive marks for its fiscal year 1998 Federal-State Market Improvement Program grants, and plans for a market workshop co-hosted by USDA and Southern University. Expansion of the WIC/farmers market coupon program to five additional States, and AMS' increased assistance in direct marketing were also positive notes from the report card. Rural Development received positive marks for its internal revision of its strategic plan and performance goals to incorporate small farm needs and objectives, and was applauded for targeting $200 million of Business and Industry Guaranteed Loans for cooperative development.

AGENCY HIGHLIGHTS

Agricultural Marketing Service (AMS)
AMS developed a Farmer Direct Marketing Action Plan designed to assist farms with less than $250,000 in annual gross receipts, or about 92 percent of all farms in the United States. Within the next 3 years, AMS will create new direct marketing networks and a one-stop information clearinghouse, develop training and information programs for farmers market managers and small farmers, and conduct feasibility studies to expand the development of farmers market facilities. Increased participation by limited-resource, women-owned, and/or minority-owned farms is another goal of the plan. The plan is available in hard copy and also can be accessed electronically at www.ams.usda.gov/directmarketing.

AMS also completed five focus groups with marketers and representatives from organizations who work with small farmers in support of direct marketing. These sessions were conducted in cooperation with Cornell University, which facilitated the sessions and is developing a report on the outcomes. Soliciting public input through focus groups is a key component of the Farmer Direct Marketing Action Plan.

The five focus group locations were selected to contrast regional differences in production and marketing practices of small producers and to highlight issues facing those who facilitate direct marketing. Each session was designed to capture a broad understanding of the challenges and opportunities of direct marketing and included discussions on how producers use direct marketing channels, recurring problems, information gaps, and the potential for expanding direct marketing. Participants were invited to outline activities USDA can initiate to enhance direct marketing. On June 11, 1999, the Cornell University project team visited USDA and presented findings from the five focus groups.

In conjunction with the Natural Resources Conservation Service (NRCS) and Florida A&M University, AMS joined to help small farm operators in the Florida Panhandle initiate innovative marketing strategies for value-added products. The project is now in its second school year of operation. Small farm operators organized into the New North Florida Cooperative Association, Inc. They decided to concentrate on local

school districts as a market. Working with Gadsden and Jackson County school districts, the Cooperative produced, processed, packaged, and delivered an average of 2,000 pounds of leafy greens every 2 weeks. They also produced strawberries and blackberries that were sold to the schools as fresh fruit for desserts and as additions to the School Breakfast Program.

The cooperative recently held a field day event during which outreach specialists from many 1890 schools across the Southeast came to learn more about the successes of these small farm operators. AMS is publishing a series of four "Small Farmer Success Story" bulletins outlining the experiences of the New North Florida Cooperative. A comprehensive report of the project, describing its progress, successes, and learning experiences, will follow. The pilot project may serve as a blueprint for small farmers in other regions of the country.

AMS administers the Federal-State Marketing Improvement Program (FSMIP), through which matching funds are provided to State departments of agriculture or other appropriate State agencies for a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products. Identifying new or higher valued market outlets for farm products, finding ways to get products to consumers more efficiently or with less loss of quality, and developing new or more effective marketing service programs at the State or local level are common themes among FSMIP projects. In the spring of 1999, $500,000 in grants was awarded to nine States, covering a range of State and regional marketing initiatives, including establishing new meat processing and marketing systems, developing indoor farmers markets and expanding services to farmers that supply them, establishing producer marketing associations, research on marketing value-added agricultural products, and identifying alternative marketing opportunities for small independent fishermen. The grants will be matched by the States receiving them. A second round of grants was released in August 1999.

AMS is also working with Virginia Polytechnic Institute (VPI) and the Virginia Cooperative Extension Service to create sustainable on-the-farm job and income opportunities for small farmers raising horticultural crops and producing value-added products in Virginia and surrounding States. Production scenarios will be developed to support identified market demand for those products and to help small farmers create integrated production, handling, and storage systems that support vertical marketing opportunities.

While many direct marketers participate in a wide range of small retail sales operations and handle a large number and variety of agricultural products, many of them are concerned about the quality and safety of the food that they produce. They have little access to nontechnical information regarding the basics of food safety and food handling practices. AMS is working with the University of Maryland Cooperative Extension Service and the Nutrition and Food Science College to develop small-farmer-friendly information to address these concerns and improve the quality and safety of their agricultural products.

Farmers and Public Markets: Farmers markets and public markets provide unique outlets where small to medium-size growers can sell products directly to consumers. These markets provide consumers with a variety of fresh fruit, vegetables, and other farm products. This provides a vital link in the study of alternate distribution channels for small and medium-size farmers. Technical aid and assistance are provided for facilities where smaller farmers can market their products directly to consumers. Studies are also conducted on methods of connecting the small- to medium-size grower directly with inner-city consumers. AMS has several farmer and public market studies underway, including: Boston Public Market Facility and Business Development Plan; St. Paul Farmers Market Expansion; Sycamore Street Farmers Market in Waterloo, Iowa; the Soulard Farmers Market Expansion in St. Louis, Missouri; Burlington, Vermont Public Market; the Fort

Worth Farmers Market; Santa Fe Farmers Market; Findlay Ohio Public Market Revitalization; the Delaware Farmers Market Customer Study; and the Reading Terminal Farmers Market Development.

August 21-28, 1999, was designated National Farmers Market Week, and AMS coordinated the events, which included an official opening ceremony. In addition to sponsoring weekly farmers markets on USDA property, AMS helps in coordinating markets at several other Federal agencies in the Washington metropolitan area. Twenty-one farmers markets were held at USDA headquarters throughout the summer and fall of 1998, with 40 similar markets held on other Federal properties at the U.S. Departments of Energy, Transportation, Labor, and State.

AMS released the latest Farmers Market Directory listing 2,746 farmers markets operating throughout the United States, up from 2,410 markets in 1996. The 1998 Directory provides a comprehensive summary of market locations, contacts, telephone and fax numbers, days and hours of operation, and participation in The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and food gleaning/food recovery. The Directory is available in hard copy and can be accessed on the internet through AMS' web site.

A 1-800 telephone number for USDA-sponsored farmers markets was activated on April 22, 1998. Farmers, vendors, customers, and market cooperators can dial 1-800-384-8704 to obtain recorded information on dates, times, locations, and other information associated with participating in the USDA-sponsored markets on Federal property.

AMS established a Farmer Direct Marketing home page on its web site to provide farmers, USDA employees, extension agents, academics, nonprofit groups, and consumers with a range of USDA and non-USDA resources and information. The web page includes a bimonthly newsletter, USDA direct marketing publications (including the Farmer Direct Marketing Bibliography), direct marketing associations' contact information, links to direct marketing articles, and publications on-line. The most popular features on the site are "Direct Marketing Resources by State" and "News and Announcements." In addition to AMS' web site, the agency cooperated with California to develop a prototype web site for information on Farmers Markets in the State of California and to educate consumers on the nutritional benefits of fresh fruits and vegetables. The address is www.farmersmarket.ucdavis.edu.

AMS produced a comprehensive report of interest to academia, extension services, nonprofit groups, farmers, and vendors. Sections of the bibliography list publications dealing with the setup and operation of farmers markets, roadside stands, pick-your-own operations, and community-supported agriculture. The bibliography also lists surveys/analyses of consumers and vendors, marketing plans, production, small farmer concerns, and legal issues.

AMS is assisting the University of Georgia in the Southeast Regional Alternative Agriculture Project to provide an outlet for produce grown by limited-resource farmers in northern Florida and southern Georgia. The current phase involves converting an existing feed mill into a packing and shipping facility and identifying equipment needs for the 35 vegetable crops which could be grown in the area. The facility will also be used to pack and ship gift boxes of Florida citrus fruit.

AMS, along with FAS and National Association of State Departments of Agriculture, organized a Farmers Market exhibit at the Food Export Showcase in Chicago on May 2-4, 1999. The showcase was part of an international show at Food Marketing Institute (FMI) and National Association of State Departments of Agriculture's annual convention and U.S. Export Exhibition and a forum for small and medium-size firms to exhibit and test their products with buyers representing both domestic and international markets. The diverse

group of direct marketers displayed a variety of fresh and processed products, including salad dressings, marinades, health food drink mixes, ginseng products, cheeses, and fresh vegetables from Idaho, Maryland, Missouri, New York, Tennessee, and Wisconsin.

Under a cooperative agreement between AMS and VPI, a study identified what crops could be produced in Southwestern Virginia with potential in the regional mass market and a feasibility study of growing those crops. Southwestern Virginia farmers are limited by topography and the small size of their farms. Located in a sparsely populated mountainous area, the primary crop produced is cabbage, a low-price, low-value, add-on crop that limits farm income. The small regional population would not provide enough market to support regional growers using direct marketing. The project identified three crops with appeal to the regional mass market: vine-ripened string weave tomatoes, bell peppers, and Halloween pumpkins. It outlines a 5-year production plan for growers, a shipping point facility to make products market ready, and a cooperative production and marketing organization.

Farm Service Agency (FSA)
FSA has hosted a very successful farmersmarket at its Kansas City offices. In addition, FSA State Offices have been encouraged to provide space for farmers markets wherever possible and to direct the USDA service centers within their State to host a farmers market. This has resulted in several of these markets across the country.

Research, Education, and Economics Mission Area
Most of the Nation's land-grant universities, with USDA's participation, have an outreach program in forestry for small landowners. Some cases in point for fiscal year 1999 are Farming the Agro-Forest for Special Products: An Enterprise Development Workshop, held in Minneapolis, Minnesota; the Southern Agro-Forestry Concepts and Enterprises in Huntsville, Alabama, in January 1999; and Income Opportunities for Woodlot Owners in Fort Mitchell, Kentucky, in March 1999. In addition, Mississippi State University has opened a center to address the needs of underserved forest landowners, and several States produced localized literature and educational programming under the rubric of Backyard Forest Stewardship, and Living on a Few Acres.

Staff at USDA's Economic Research Service (ERS), the Henry Wallace Institute for Alternative Agriculture, the University of Georgia, and the University of Massachusetts are jointly studying market alternatives for organic agricultural products. The goal is to create a baseline of information about the organic foods market, including: retail market characteristics, the structure of production and manufacturing, consumer demand, attributes and price effects, the significance of certification, and the international market.

ERS has also designed its winter 1999 farm survey to collect new data reflecting changing farm structure and performance. Data will include farmer use of bio-engineered seed, production of crops that are certified organically grown, use and source of knowledge about precision farming practices, direct sales to consumers or wholesale or retail operations, membership in supply or marketing cooperatives, and use of selected tools and strategies to manage their businesses. These data will be used to analyze differences in the organization and use of production and management practices across farms, including small farm businesses.

Foreign Agricultural Service (FAS)
FAS worked with the Federation of Southern Cooperatives--an organization that represents 35 African-American cooperatives and over 15,000 farm families throughout the South that produce different varieties of vegetables--to maximize member production and foster community leadership through technical, educational, and marketing assistance. A market trade mission was organized in cooperation with the Southern U.S.

Trade Association (SUSTA), NASDA, and the Agricultural Counselor in Ottawa to survey export opportunities in Canada. Since then, the Federation has addressed grading, packaging, and other issues identified as essential to successfully market their products in Canada. A similar trip to the Caribbean region, in cooperation with SUSTA, included participation in a "Taste of the South" promotion sponsored by FAS' Miami agricultural trade office.

Grain Inspection, Packers and Stockyards Administration (GIPSA)
The Secretary of Agriculture established a grain inspection advisory committee, with five appointed members to provide input on the establishment of programs and services under the U.S. Grain Standards Act that meet the needs of the agency's customers. An important area that will be addressed is the role of biotechnology in grain inspection.

In response to the changing market practices in the swine industry, from cash market transactions to long-term contractual arrangements, the Packers and Stockyards Act was amended to authorize GIPSA to create a "Swine Packer Marketing Contracts" electronic library. The library will provide information on contract options and numbers of swine under contract through time to farmers and other interested parties.

GIPSA is also responding to a grain market need for detecting and ensuring reliability of bio-engineered crops by establishing a reference laboratory at its Technical Center in Kansas City, Missouri. The laboratory will be used to evaluate and verify the validity of analytical procedures applied to the detection and quantification of bio-engineered traits in grains and oilseeds. It also will be used to establish sampling procedures for use in testing bio-engineered grains and oilseeds. These standardized sampling and testing methods will be implemented through GIPSA's inspection program. The lab is scheduled to open in time for the 2000 crop year.

Natural Resources Conservation Service (NRCS)
NRCS and the Resource Conservation and Development (RC&D) Councils in the Alabama Black Belt region explored opportunities for developing agricultural marketing and other rural business cooperatives. The effort resulted in the development of two mostly minority-owned fruit and vegetable cooperatives and a grocery store cooperative. The grocery cooperative will serve an area that consists primarily of minority residents and farmers. The Tombigbee RC&D Council was awarded a Cooperative Value Added Program Grant of $75,000.

NRCS is working on finalizing a $50,000 agreement with Communities Involved in Sustainable Agriculture (CISA) in Massachusetts. This group seeks to promote locally produced food to benefit small farmers. NRCS is also finalizing a $50,000 agreement with The Food Alliance (TFA) of Oregon. TFA has an eco-label that farmers can adopt to promote products produced under environmentally sound conditions.

Rural Business-Cooperative Service (RBS)
RBS actively promotes the availability of funding that could potentially benefit small farmer cooperatives. State rural development directors were instructed about the importance of working with small farmers to develop value-added processing cooperatives; the priority for allocating more State staff time to support cooperative development programs; and modifying State Office annual strategic planning processes by consulting with groups representing small, minority, and women farm operators to gain their input. State Directors also were given guidance in the use of discretionary priority points in allocating program funds for value-added and cooperative development activities that support the marketing, supply, and service needs of small, minority, women, and beginning farmers. For example, RBS was contacted by the Illinois FSA to

assist minority farm producers of vegetables, range chickens, and organic soybeans in the Kankakee area to market cooperatively in Chicago and other markets.

RBS' strategic plan related to loans and grants ensures programs are used by the State Offices for small business development, cooperative development, and value-added needs of small farmers, minority, women, and beginning farmers. A second goal is to identify and promote an effective interface with other loan and grant programs and support systems, e.g., State government development offices, State Rural Development Councils, Cooperative State Extension programs (particularly the 1890 institutions), Council of Governments, RC&D's, and local development authorities.

RBS Business and Industry Loan Program rules are being rewritten to incorporate the Small Farms Commission recommendations. The B&I Guaranteed Loan Program set aside $200 million for cooperative financing projects in fiscal year 1999, and set a priority for projects involving farmer-owned value-added cooperatives, including a set aside for financing individual small farmer's purchase of cooperative stock in a start-up cooperative.

RBS Guaranteed Loans were issued to Bland Farms to refinance existing short-term debt. Bland Farms contracts with numerous local small farmers to raise a portion of the Vidalia crop that it marketed. Meredith Farms received a loan for real estate acquisition, machinery and equipment, and working capital for a poultry processing plant. Meredith Farms is a minority borrower, that contracts with local small poultry producers. Humboldt Creamery received a loan to diversify its product line and purchase and install additional ice cream refrigeration equipment. Montola Growers Cooperative received a loan for working capital to contract with local farmers for seed. Dakota Dairy Specialties Cooperative got an RBS loan for equipment, capital, and refinancing.

RBS grants were issued to Rocky Mountain Farmers Union, Colorado, to conduct a feasibility study for ranchers and small farmers to form a small farm cooperative; to Maine Organic Farmers and Gardeners Association, to develop a marketing theme, logo, tag line, package design, producer cooperative newsletter, and to assist in sales efforts via customer mailing lists; to Down East Resource Conservation & Development Council, to provide technical and marketing assistance to Hancock Country Organic Growers Cooperative by creating small business opportunities and agricultural-related jobs, and to increase production and consumption of locally grown, certified organic agricultural products; to Pennsylvania Farm Link, to provide workshops and training to existing and new farmers and to enable small farms to continue in business and to stay in the family; and to the Family Farm Foundation, for a feasibility study to create a better grade of beef.

Under RBS' Rural Economic Development Loan and Grant Program, Farmers Electric Cooperative will re-lend loan proceeds to Southwest Iowa Egg, an agricultural cooperative, to finance the startup of an egg laying operation. Five poultry barns will be built to house 650,000 laying hens, an egg packing and storage facility, an on-site water reservoir, and a water treatment and storage facility.

Under RBS' Intermediary Re-Lending Program, the Mid-Willamette Valley Council of Governments, an intermediary lender, loans funds to B.C. Hops Farms, Ltd. Local farmers contract with breweries for sale of their hops, then utilize B.C. Hops Farms to process the product prior to delivery. Funds were used for building construction and purchase of equipment to expand facilities, providing capacity to process larger volumes.

RBS also provides technical assistance to existing cooperatives or to assist in establishing new cooperatives. RBS worked with the East Arkansas Produce Marketing Association, a federated cooperative of six

individual fruit and vegetable associations with membership primarily of minority producers. As part of its technical assistance to the marketing association, RBS implemented a memorandum of understanding between USDA and Burger King to expand opportunities for small and limited-resource farmers to provide tomatoes to Burger King. In addition, RBS worked with the Association to establish a supply agreement between area growers and the local Wal-Mart Super Center.

In collaboration with USDA's Food and Nutrition Service (FNS), RBS helped minority and limited-resource farmers to improve their economic position by marketing fresh produce to local school meals programs. Meetings were held in Richmond, Virginia, and western North Carolina. Farmers and school districts were quick to embrace the program, and RBS is continuing support. RBS also provided technical assistance to Eastern Kentucky Vegetable Cooperatives, to conduct a feasibility analysis for three cooperatives that package and market tomatoes, green peppers, cabbage, and pumpkins. Texas Dairy Goat Producers conducted a feasibility analysis with RBS support for small dairy goat producers considering a cooperative to process and market goat milk cheese, and goat cheese produced at Prairie View A&M's creamery was test-marketed. A feasibility analysis for Michigan Soybean Producers examined value-added ideas for marketing soybeans, including the feasibility of building and operating a tofu plant. The Pioneer Valley Dairy Cooperative in Massachusetts received technical assistance to help the co-op decide whether to purchase certain aged facilities, and received advice on operating considerations.

Food and Nutrition Service (FNS)
FNS has launched several initiatives to assist the nation's small farmers and to promote program purchases from them. They include promoting a "farm-to-school" project; expanding the Women, Infants and Children (WIC) Farmers Market Nutrition Program (FMNP); and increasing participation of farmers markets in the Food Stamp Program by enabling them to accept electronic Food Stamp payments.

The Small Farms/School Meals Initiative: This initiative, popularly called the "farm-to-school" project, encourages small farmers to sell fresh fruits and vegetables to schools and encourages schools to buy wholesome produce from small farmers. The program involves the cooperation of Federal, State, and local governments, as well as of local farm and educational organizations. Successful farm-to-school projects have been implemented in Florida, North Carolina, and California during the past few years, providing valuable experience for future expansion efforts.

Also, FNS recently released a new publication entitled, *"Small Farms/School Meals Initiative Town Hall Meetings, A Step-by-Step Guide on How to Bring Small Farms and Local Schools Together."* This publication shares successes and offers a "how-to" to local producers and local school service staff working together for mutual benefit. The town meeting forum can assist small farmers in discovering new markets for fresh fruits and vegetables, as well as providing an opportunity for students to understand how food is grown and where it comes from. FNS is developing a series of regional workshops to be held in 2000 on school food issues. The workshops will be focused on developing partnerships that promote the creation of successful farm-to-school initiatives.

USDA also will continue to meet with representatives of the Department of Defense (DoD) to discuss the feasibility of developing a cooperative agreement to assist small farmers. Under such an agreement, DoD would use its vast experience in helping small farmers market and deliver their fresh produce to schools. Each year, DoD purchases and arranges for the delivery directly to schools of approximately $5-6 million worth of fresh fruit and vegetables under a cooperative agreement with FNS and AMS. FNS is discussing with DoD the possibility of using this Hammer-Award-winning program as a channel to help small farmers market produce to schools.

Expansion of USDA's WIC Farmers Market Nutrition Program (FMNP): The FMNP was established by Congress in July 1992 to provide fresh, nutritious, unprepared foods (such as fruits and vegetables) from farmers markets to women, infants, and children who are nutritionally at risk; and expand the awareness and use of farmers markets by consumers. The current funding level of $15 million supports participation of 39 States and four Indian Tribal Organizations. This year, efforts will be made to encourage participating States to expand programs within their States, and to step up outreach efforts in non-participating States.

Increasing Farmers Market Participation in the Food Stamp Program. By October 2002, all States are required to have the Food Stamp Electronic Benefit Transfer (EBT) System in place. Since farmers markets do not have ready access to phone lines and electricity, the infrastructure for accepting EBT payments at these locations does not exist. FNS is currently working with several States to test various solutions to these technical problems. These States include Hawaii, the District of Columbia, New Mexico, New York, and Florida.

Farm Service Agency (FSA)

FSA is collaborating with the Massachusetts Department of Food and Agriculture, Division of Markets, and the Lowell Farmers Market to create marketing opportunities for the minority growers in Lowell and Bolton. Prior to harvest, training seminars will be conducted to assist the growers in marketing crops, and will certify the growers to accept farmers market and WIC coupons. As this program progresses, similar training programs will be held across the State.

In addition to farmers markets, FSA is linking growers to "high-end" markets such as the Massachusetts Chef's Collaborative 2000. This group of chefs represents Boston's finest restaurants that specialize in using locally grown produce. Other high-end markets include Bread & Circus and Nature's Heartland specialty supermarkets.

MARKET ACCESS

Commission Recommendations: The *Time to Act* report emphasized the need for active government enforcement of market competition as fundamental to the economic opportunity for farms of all sizes and scales. Access to fair and open markets for family farms is perhaps the single most influential factor in determining the future structure of the farm production sector. The *Time to Act* report recommended mandatory price reporting, a response to the petition for rulemaking to prohibit captive supplies (the WORC petition), consideration of Federal regulation of contracts, and increased staff capacity and expertise to conduct investigations and enforce fair market practices.

Report Card Achievements Noted: High marks were received by the Department for the Secretary's efforts to alleviate pressure felt by the Nation's hog farms and to recognize market concentration as a problem in agriculture. His interest in assisting small-scale operators is reflected in the targeting of emergency payments to small, independent hog producers. The report card also gave positive marks for GIPSA's initiated restructuring and reorganization, and efforts to improve its staff capacity to be more effective in monitoring unfair market practices. GIPSA's toll-free telephone number to report unfair market practices was also well received, as was the administration's support for legislation for mandatory price reporting. Two other requests by the Secretary to the Department of Justice, one on the proposed merger of Cargill, Incorporated, and Continental Grain Company and the other requesting an investigation of farm-retail price spreads, were also positively noted by the report card.

AGENCY HIGHLIGHTS

Grain Inspection, Packers and Stockyards Administration (GIPSA)
Reorganization to strengthen the agency's capability to conduct investigations of potential anti-competitive behavior and to improve investigations of trade practice and financial protection cases was completed in 1999, and restaffing will continue through 2000.

GIPSA will investigate hog procurement contracts and marketing agreements in the hog industry to assess their use and reasons for price differences among producers. This investigation will also focus on criteria for obtaining marketing agreements to ensure that small sellers have access to comparable sales terms. GIPSA will examine the availability and transparency of price and other contract terms, which will be especially helpful to smaller producers.

Several pork slaughter plants have closed recently. GIPSA will investigate these plant openings and closings to assess each acquisition and closing, examine the financial condition of acquired and closed plants, examine changes in plant capacity over the past 2 years, and examine changes and concentration arising from each plant acquisition and closure.

GIPSA will conduct the Congressionally mandated 12-month price reporting investigation to determine whether publicly reported price information accurately reflects transaction prices and the full range of the market.

As a result of the ongoing dialogue with the Western Organization of Resource Councils (WORC), USDA is concluding its peer review of GIPSA's major investigations to assess whether GIPSA asked the right

questions, collected the right data, used the right analytical models, and conducted appropriate analyses. A peer review of the Texas fed-cattle investigation is currently underway.

GIPSA has published a proposed rule that would require that accurate feed weights be provided to contract growers when those weights are used in determining producer compensation. While this proposed rule is aimed primarily at poultry integrators, it also would affect agreements that large packers have for the production of hogs, cattle, and lambs. GIPSA also published an Advanced Notice of Proposed Rulemaking in the *Federal Register* concerning the practice of nonreporting of price as a condition of the purchase or sale of livestock. Comments have been received and reviewed, and GIPSA is now developing the Proposed Rule for publication.

Risk Management, Conservation, and Credit and finance

Risk Management

Commission Recommendations: The *Time to Act* report recommendations called for designing crop insurance programs appropriate for diversified farming operations, using sustainable agriculture methods instead of a single-crop focus, and targeting of crop insurance subsidies as defined by the Commission.

Report Card Achievements Noted: The Department received positive remarks for launching the new Adjusted Gross Revenue insurance pilot project in five States, and for providing coverage for diversified cropping systems along with limited coverage for livestock as part of crop-livestock operations. The Department also was applauded for reviewing its insurance policies to recognize differences in cultural practices of organic and sustainable farming systems, and for raising its employees' awareness of sustainable farming practices.

A project in collaboration with the Sustainable Agriculture Research and Education (SARE) program, which informed crop insurance agents and bankers of sustainable agriculture farming practices to reduce misperceptions about risk of using alternative, reduced, or no-chemical methods, also received positive marks, as did expanded coverage of nursery crops and initiation of a policy to extend coverage to Christmas trees under a pilot program. Finally, the Department was given positive marks for awarding $880,000 in Risk Management Education Grants for five projects explicitly targeting small and limited-resource farmers.

Agency Highlights

Risk Management Agency (RMA)
To strengthen the farm safety net, RMA lowered crop insurance premiums in January 1999. RMA has been responsive to Commission recommendations by encouraging farmers to obtain a 1-year premium discount of up to 30 percent, which will allow them to increase their coverage for a small additional fee. This opportunity was widely publicized. Crop insurance reform is also being considered in order to increase farmer education about risk management.

RMA is working on ways to improve the incentives for farmers to buy more comprehensive insurance at higher buy-up levels, with similar incentives for all insurance plans, including revenue insurance.

The catastrophic risk protection program and the noninsured disaster assistance program currently cover less than one-third of the value of a crop. RMA is considering crop insurance reform legislation that would increase both the amount of the crop covered and the market price at which a crop is insured, making these basic programs more financially worthwhile.

In 1999, RMA, in collaboration with FSA, CSREES, and the USDA Council for Sustainable Development, selected the Center for Rural Affairs in Nebraska to pilot the Sustainable Agriculture Learning Initiative Project. The project will inform crop insurance agents and bankers who make loans for sustainable agriculture farming practices in order to reduce their misconceptions about the risk of using sustainable, alternative, reduced- or no-chemical methods.

RMA launched the Adjusted Gross Revenue Product (AGR) or Whole-Farm Program in five States--Florida, Michigan, New Hampshire, Massachusetts, and Maine--beginning with the 1999 crop year. AGR provides coverage for diversified cropping systems, along with limited coverage for livestock as part of crop-livestock operations. RMA also extended the sales closing date for the AGR to 2000, to give producers additional time to take advantage of the premium discount of 30 percent offered as part of the disaster legislation. RMA provided training on AGR to the Midwest Sustainable Agriculture Working Group in Madison, Wisconsin, in January 1999.

For the 1999 crop year, RMA will pilot specialty crops such as cabbage, strawberries, watermelon, sweet cherries, winter squash, wild rice, and mustard. These pilot programs provide specialty growers equal access to benefits received by growers of traditional crops.

In June 1999, RMA announced the development of a new strawberry insurance plan, providing farmers with protection based on pre-harvest production cost schedules developed by the CSREES. To make sure that all growers have equal access to the program, policies also will be translated into Spanish and Hmong. The program will be available in selected counties in California, Florida, Louisiana, and North Carolina.

CONSERVATION

Report Card Achievements Noted: The Natural Resources Conservation Service (NRCS) has made attention to serving small farms a priority by including this as an element of the performance appraisal system for senior employees. NRCS maintained restrictions of Environmental Quality Improvement Program payments for manure storage to herds larger than 1,000 animal units, and co-hosted the 100-Farmers Conference in 1998. Several Resource Conservation and Development areas are actively assisting small producers with value-added strategies for farm and timber products, and some are providing entrepreneurial development training. NRCS has initiated a process for developing landowner incentives for recovery of endangered species. The Forest Service launched a pilot outreach program to work with small acreage and traditionally underserved landowners in North and South Carolina. And, plans are underway for an Economic Research Service analysis on the impact of livestock grazing on rural economies.

AGENCY HIGHLIGHTS

Natural Resources Conservation Service (NRCS)
NRCS continues to exercise restraint in approving exceptions in Environmental Quality Incentives Program (EQIP) on the 1,000 animal unit limitation. Livestock producers with more than 1,000 animal units in their farm or ranch enterprise that are confined for 45 or more days in a year are ineligible for financial assistance on animal waste management facilities (basically storage structures). No exceptions have been granted to date.

NRCS also conducted an internal oversight and evaluation review of EQIP over the past year. One result of the review is to further study the impact that program policies may have on small-scale and limited- resource producers. Five percent ($10 million) of EQIP funds were dedicated to American Indian Farms. Civil rights impacts and impacts of the current structure of EQIP on small farms will be reviewed.

NRCS' Resource Conservation and Community Development Division provided additional funds to each NRCS region to undertake priority projects to address natural resource concerns with a focus on traditionally

underserved farmers and ranchers. Expected outcomes from these projects include increased quantity of and service to small, limited-resource, and minority farmers and ranchers; strengthening the locally led process by bringing in new partners; improving watersheds and water quality; and building stronger communities.

NRCS plans to increase from 35 to 42 the number of NRCS offices at tribal headquarters agreed to by tribes over the next 2 years. NRCS has established a full-time American Indian Liaison position in national headquarters, a full-time Western Regional American Indian Liaison position based in Albuquerque, New Mexico, and a half-time Northern Plains American Indian Liaison based in Bozeman, Montana. There are currently 18 Tribal Conservation Districts, double the number 6 years ago.

The Southwest Badger Resource Conservation and Development Council and the University of Wisconsin-Extension Offices of Iowa and Sauk Counties sponsored the Income Options for Small Farms in Southwestern Wisconsin Conference. The conference was held in November 1999.

The USDA Environmental Justice Coordinator position has been filled. This position has been assigned to the Natural Resources and Environment mission area of USDA.

Forest Service (FS)

NRCS and FS made program policy changes to make the Forestry Incentives Program (FIP) more accessible to small farm operators and small woodlot owners. One policy change will eliminate the program requirement that at least 10 acres of woodland be entered into the program. This policy will be incorporated into the FIP manual in time for fiscal year 1999 program activity.

FS has implemented its North and South Carolina Outreach Pilot Project. This 3-year project is designed to field-test new and innovative techniques for providing information and technical assistance to traditionally underserved landowners. Small farmers, who are often woodlot owners, often do not receive current information about private forestry programs and initiatives. The project design calls for close cooperation with the USDA Office of Outreach and specifically the Small Farmer Outreach, Training and Technical Assistance Program. Many new coalitions are being developed in support of this effort, including several formal agreements between USDA agencies and other cooperators.

Farm Service Agency (FSA)

FSA revised its Environmental Benefits Index beginning with signup 18 (Fall 1998), to discontinue the use of a ranking factor which increased the likelihood of bid acceptance for farms with larger tracts of eligible cropland. This tended to discriminate against smaller farms. In addition, FSA provided training to 47 Environmental Coordinators on environmental justice issues and the executive order. Coordinators have begun training field office staff on environmental justice. Staff provided leadership in the interagency task force that developed the Department's regulation on environmental justice, and environmental justice review is becoming standard operating procedure during the environmental review process for loan-making activities.

FSA has increased promotional activities for the Debt for Nature program. Debt for Nature will help low-income and minority farmers who have incurred financial obligations.

Due to the increased demand for farmland, a special Farmland Identification Project was started in June 1999. FSA, with staff assistance provided by Tufts University, will identify farmland and create a "land-link" database. This process involves matching FSA aerial photos and geographic information system maps provided by the Massachusetts Department of Food and Agriculture to identify potential cropland sites.

Surveys and site visits will determine land and crop suitability, water irrigation resources, access, and site preparation needs. This database will be made available to all farmers seeking farmland.

CREDIT AND FINANCE

Commission Recommendations: The *Time to Act* report recommendations emphasized full funding for USDA's credit programs, improvements to program delivery, enactment of regulations long overdue, and repeal of recent credit legislation that jeopardized access to credit for some farmers.

Report Card Achievements Noted: The Administration's pursuit of full funding for the direct and guaranteed loan programs was the first full-fledged commitment to USDA lending programs in many years, and the Secretary was applauded for his efforts in this pursuit. In addition, Secretary Glickman received high marks for seeking legislation to repeal the 1996 credit law that prohibited eligibility for Federal loans for borrowers who previously received debt forgiveness. However, the 1999 report card noted with dismay that Congress continued this prohibition for any borrowers pursuing debt write-downs from 1996 forward.

AGENCY HIGHLIGHTS

Farm Service Agency (FSA)

FSA has issued a final rule for short-form applications for guaranteed loans under $50,000 and preferred lenders. The rule was published in the *Federal Register* and implemented for the 1999 crop season. Most loans are approved or disapproved within 30 days. In 1998 on direct loans, an average of 16 days elapsed from the time the application was completed to the time of the approval or disapproval of the loan. Checklists are provided to all applicants to alleviate confusion on application requirements. Congressional legislation was introduced to reinstate loan servicing methods and timeliness originally established by the 1992 Farm Credit Improvement Act.

FSA regulations provide for transfer of farm loans to the children of borrowers and FSA has added provisions for transfers in other cases. FSA has encouraged the Farm Credit System to initiate transfer and assumption regulations similar to its own. Loan regulations were rewritten in an effort to streamline them to encourage participation by all commercial lenders. They were also made consistent with private lending standards.

FSA continues to reinforce repayment policy that the period of repayment reflects the useful life of purchases. Also, as recommended by the Commission, lines of credit cannot be implemented under the 1992 Credit Reform Act. Any advance is considered a new loan under OMB guidelines, therefore loanable funds, would be reduced by 80 percent. To try to meet the intent of Commission recommendations, alternatives are being discussed. Appraisals remain in effect for 1 year and may be appealed. Problems with basing appraisals on agricultural uses arise because the Financial Institutions Reform, Recovery and Enforcement Act requires appraisals be based on highest and best use, which could adversely affect would-be borrowers by reducing the amount available for lending. Re-lending programs suggested by the Commission would require Congressional action. Current demands on loan programs far exceed available supply of funding. The President's budget for fiscal year 2000 requested maximum authorized levels of $128 million for farm ownership direct loans and $500 million for farm operating direct loans.

FSA has met with commercial lenders to discuss minority, beginning-farmer and socially disadvantaged applicant lending. FSA is currently working with the National Bankers Association to facilitate guaranteed minority lending.

The "one strike and you're out" provision was requested in the Robb Bill (S. 1803) and added to the Fiscal Year 1999 Appropriations Bill (S. 2159). Shared appreciation regulations were enacted that provide for a set-aside of the appreciation when it comes due, if it cannot be paid. FSA has authorized extended terms on shared appreciation agreements by converting them to nonprogram loans. Some shared appreciation agreement issues are still under consideration, i.e., removing major improvement values, farm ownership terms, and establishing equity recapture accounts. Also under consideration is reducing the term from 10 to 5 years on new shared appreciation agreements. On all shared appreciation loans, each servicing office now receives a monthly report of expiring agreements and borrowers are notified annually and 60 days prior to expiration. A notice was issued to field offices instructing them that the Secretary had determined that payment would be made without offset for a single-year crop loss disaster assistance program, multi-year crop loss disaster assistance program, emergency livestock feed assistance program, and the small hog operation payment program.

Recent disaster assistance programs have been targeted to small farmers by establishing limitations on qualifying gross revenue and the amount of payments a "person" may receive. Payments are still being made, or will be made under some of the programs. In most cases, ineligibility is reached with $2.5 million in qualifying gross revenue for the immediately preceding tax or other specified year. Programs and payment limits include: Tree Assistance Program--$25,000 per person payment limit; Dairy Production Disaster Assistance Program--$50,000 per person payment limit; Livestock Indemnity Program--$50,000 payment limit; Livestock Assistance Program--$40,000 payment limit; Crop Loss Disaster Assistance Program--$80,000 payment limit; Flood Compensation Program--$40,000 payment limit; Small Hog Operation Payment--disqualification includes both gross revenue in excess of $2.5 million or marketing more than 1,000 hogs during the last 6 months of 1998. Producers will be paid for up to 500 market hogs, with a maximum payment of $2,500. For Dairy Market Loss Assistance, payments are made on the first 2.6 million pounds of milk marketed during calendar year 1997 or 1998.

Rural Business-Cooperative Service (RBS)

RBS has developed business program and lender orientation videos for field use to help lenders understand the B&I program in RBS. RBS co-sponsored the first Annual Revolving Loan Fund Conference (along with other nongovernmental organizations). Other federal agencies involved included the Departments of Housing and Urban Development and Commerce, the Small Business Administration, and Community Development Financial Institutions. The topics covered included micro-lending and other industry trends, new RBS Intermediary Re-lending Program regulation, Federal Government micro-lending initiatives, and the White House Initiative on Micro-Enterprise Development.

RESEARCH AND EXTENSION

Commission Recommendations: The Commission recognized the traditional focus of Federal research and extension programs on improving farm productivity with technological improvements. However, the Commission explicitly recommended that USDA's Research, Education, and Economics (REE) agencies shift resources to improving farm profitability through technologies and strategies that optimize farm management skills, reduce capital and operating costs, produce higher valued products, and capture a larger share of the consumer dollar. Specifically, the Commission recommended that by 2002, at least two-thirds of the Agricultural Research Service research portfolio should consist of projects that contribute to income-earning capacity and competitiveness of small farms.

Report Card Achievements Noted: The report card gave positive marks for the award of $5 million for projects addressing small farm needs through the National Research Initiative Agricultural Systems Program and applauded the Department's request for $4 million in the fiscal year 1999 budget for a Small Farm Initiative, which was not funded by Congress. The Economic Research Service also received positive marks for adopting a new typology for small farms, which will facilitate more refined analysis. And, the report card noted as an achievement the appointment of small farm representatives to the REE Advisory Board.

AGENCY HIGHLIGHTS

Agricultural Research Service (ARS)
ARS developed criteria to re-evaluate current research to determine the contribution each project makes to small farm agricultural production. These criteria are being applied to approximately 1,200 projects that are categorized into the 23 National Programs of ARS. Categories will be in three groups: animal production, product value, and safety; natural resources and sustainable agricultural systems; and crop production, product value, and safety. A two-step process will be used. The first step will cull those projects that have no possible relevance to small farms. The second step will examine various factors that enhance the value of the remaining projects to small farms. Completion of the assessment is expected by June 2000.

Small Farm Input to Research Agenda: To assure input from the customers and stakeholders that represent small farm interests, ARS is inviting representatives from groups to participate in the national workshops that are held to determine future research priorities for each National Program. Feedback from workshops held to date is being used in developing research thrusts for the fiscal year 2001 budget.

A small farms web site is currently under development by ARS. The information provided on this site will include links to a variety of sources that will enhance opportunities for customers and stakeholders to become aware of and take advantage of ARS research.

Cooperative State Research, Education, and Extension Service (CSREES)
CSREES and Langston University, Oklahoma, entered an interagency personnel agreement to have a faculty member work with CSREES in Washington, D.C., for 1 year. Advice will be provided to CSREES about ways that current research and extension programs can more effectively serve diverse needs of small farms and ranchers.

Budget Initiatives: A $4 million small farm initiative submitted by CSREES was included in the President's Budget for fiscal year 2000. The initiative is proposed for implementation of a regional system, and will help develop research, education, and extension programs in areas of critical need, such as marketing strategies, entrepreneurial and business skills, development of networks, and beginning farmer operations and enterprises. A similar initiative is under consideration for fiscal year 2001.

NRI Funding for Small Farms: In January 1999, the National Research Initiative (NRI) announced funding which could total as much as $5 million for research related to small farms. In the supplemental request for proposals, NRI encouraged the small farm research community to submit proposals, especially under the Agricultural Systems program. Small farm specialists are specifically included on the panel to review the Agricultural Systems proposals. Acceptable projects will focus on the development of integrated production, processing, and distribution systems and generation of high-value products, with an emphasis on local production and processing. Support is also available to examine small farm businesses and their contributions to the local economy.

Farming for Profit, Stewardship, and Community: CSREES' Sustainable Agriculture Research and Education (SARE) program is collaborating with USDA's Office of Communications on a sustainable agriculture educational campaign, called "Farming for Profit, Stewardship, and Community." The campaign is designed to reach thousands of small farmers through the media and through USDA field staff and other information providers. The campaign highlights free and low-cost resources in 10 topic areas, including soil quality, agricultural marketing, and low-cost animal systems, to help producers move toward more sustainable systems.

Targeting Small Farm Technical Assistance: SARE is also working with ERS and other agencies to identify places where small farms have high reliance on pesticide and nutrient use and to provide small farmers in those regions with information and technical assistance on sustainable agriculture practices.

Think Globally, Eat Locally: SARE sponsored a workshop entitled "Think Globally, Eat Locally" on community-supported agriculture and sustainable agriculture to highlight Community Food Project and SARE results; and it exhibited SARE and Sustainable Agriculture Network displays in coordination with other USDA displays at the May 1999 National Town Meeting sponsored by the President's Council on Sustainable Development.

Second National Small Farm Conference: The October 12-15, 1999, conference in St. Louis hosted seven tracks, each with five 2-hour sessions. The tracks were Marketing and Value-Added Products, Meeting the Needs of Underserved Clients, Sustainable Agro-forestry and Livestock Alternatives; Developing Skills; Building Institutional Capacity; Growing the Small Farm Business; and Networking.

National Agricultural Statistics Service (NASS)

The newly released 1997 Census of Agriculture provides comprehensive information on the types and sizes of farms, sales, gains, losses, and demographic information such as operator age, educational level, and race. ERS and several land-grant universities are using this information for detailed analyses of changes in the levels of farm production. NASS is also finalizing plans for the 1999 Agricultural Resource Management Study (ARMS), conducted in cooperation with ERS. Data collection focuses on identification of in-business farm operations, multiple operating arrangements, operations with targeted commodities, chemical use, and farm finances. The Secretary's report to Congress on the status of the family farm for 1999 will be based primarily on information from ARMS and will be included in the ERS report "Structural and Financial Characteristics of U.S. Farms."

Economic Research Service (ERS)
The 21st Family Farm Report to Congress contains new chapters illustrating differences in the organizational structure of large and small farms; form of business linkages; finance, credit use, and creditors of farms; characteristics of diversified farms; taxes and farms; sources of household income; characteristics of female farm operators and their farms; and contributions of spouses to the operation of farm businesses.

Termination of Wool Act--Impact Report: At the request of Congress, ERS is studying the economic impact of the termination of the Wool Act (in 1993) on sheep and goat producer revenues.

Farm Structure Surveys: ERS conducted surveys of major U.S. crop and livestock commodity producers to obtain information about the organizational structure and performance of their farms and ranches, and the practices used in the production of selected commodities. The objective was to identify and measure factors contributing to the cost structure and distribution of major commodities across farms (including small farms) and geographic areas of the country.

Small Farm Success Seminar: In July 1999, ERS, in concert with the Farm Foundation and the Center for Rural Affairs, held a 2-day workshop exploring "what makes successful small farms successful."

Rural Business-Cooperative Service (RBS)
RBS facilitated work on seven cooperative development activities that affect minority and limited-resource farmers and their cooperatives. Five projects partnered with the 1890 Historically Black Colleges and Universities to implement small farm research, education, and technical assistance programs. The Appropriate Technology Transfer for Rural Areas Center (ATTRA) emphasized efforts to respond to small farmer requests. Using its extensive inquiry database, ATTRA increased contacts with USDA agencies to share information on small farm needs and priority research issues.

ATTRA Small Farm Inquiries: Enhanced emphasis on responding to small farm inquiries has pushed the program to the limit of its resources. RBS requested an additional $700,000 in program funding, for continuing priority contacts with USDA agencies.

Director-Training Workshop: RBS conducted a director-training workshop in Epps, Alabama, at the request of the Federation of Southern Cooperatives. Originally designed to train directors/board members of predominantly minority cooperatives from the southern region, the 2-day workshop resulted in a "train the trainer" seminar for mostly Federation staff and a cooperative director from several Southern States.

Hermitage Tomato Cooperative: Director training was conducted in Bradley County, Arkansas, to train members, employees, and directors of the Hermitage Tomato Cooperative. This Hermitage Tomato Cooperative location supplies tomatoes to the Burger King Project, which is part of a Memorandum of Understanding between USDA and the Burger King Corporation.

North Carolina A&T State University Trade Center: Orientation and training were provided for staff of the North Carolina A&T State University Trade Center on cooperative development processes and use of RBS resources in cooperative education and outreach efforts. This has been helpful in developing working relationships between RBS, USDA's Rural Development agencies, and various institutions in North Carolina on cooperative-related projects.

Activities and Studies Funded by RBS: Relevant projects include a regional workshop on hog marketing and the role of cooperatives in rural development, co-sponsored by Alcorn State University; a study with

Florida Agricultural and Mechanical University to develop dairy goat milk and meat marketing; a study with the University of Arkansas at Pine Bluff to examine cooperative performance issues affecting limited-resource producers; and a study with South Carolina State University to examine barriers to small farmers and new farmer membership in agricultural marketing cooperatives.

BEGINNING FARMERS, FARM WORKERS, AND CIVIL RIGHTS

BEGINNING FARMERS

Commission Recommendations: Commission recommendations highlighted the critical need for public investment to support and facilitate the entry of the next generation into farming. This includes maximizing existing targets of credit assistance for beginning farmers, investigating strategies to facilitate intergenerational farmland transfers, and launching a department-wide initiative to focus research, extension, marketing, and credit assistance appropriate to the needs of new farmers and ranchers.

Report Card Achievements Noted: The report card gave positive marks to FSA for continuing to reach or exceed the legislated targets for direct loans to beginning farmers. Progress was noted in reaching targets for guaranteed loans. The report card noted FSA's demonstrated commitment to beginning farmers by actively opposing efforts to eliminate the "beginning farmer" definitions during the fiscal year 1999 appropriations debate. ERS was commended for initiating studies on the effects of tax law on farmland transfer. And, a newly appointed Beginning Farmer Advisory Board (legislated in 1992) was finally approved.

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Farm Service Agency (FSA)
FSA continues to seek funding for a beginning farmer development program. FSA will develop a pilot project for beginning farmer assistance, financed by $200,000 if funding is available. In addition, a grant program for beginning farmers has been discussed and is in clearance, and is awaiting funding approval by Congress.

FSA also oversees the Secretary's Advisory Committee on Beginning Farmers and Ranchers. The Committee advises the Secretary of Agriculture on ways to encourage Federal and State beginning farmer programs to provide joint financing to beginning farmers and ranchers, methods of maximizing the number of new opportunities created through Federal and State programs, and other methods of creating new farming or ranching opportunities. The Committee held its first meeting in August 1999, and will hold its' next meeting in April 2000.

FSA is researching the feasibility of offering tax-exempt First-Time Farmer Bonds.

Economic Research Service (ERS)
ERS completed research investigating how young and beginning farmers obtain capital. This research, combined with a review of other literature, will be the basis for an agency report on alternative legal methods for intergenerational transfer of farm assets. ERS will cooperate with CSREES and the USDA Office of Outreach to disseminate the research results to community-based partners and organizations. A draft report was scheduled for the end of 1999.

Tax Policy Research: In response to the Commission on Small Farms, ERS tax policy analysts are studying the effects of the Federal Tax Code on entry and exit from farming. One objective is to identify features of the Code that influence the transfer of land and other farm assets to beginning farmers. The study also will evaluate specific initiatives identified by the Commission for their potential to facilitate the transfer of land to the next generation of farmers.

Cooperative State Research, Education, and Extension Service (CSREES)
A $4 million small farm initiative in the President's fiscal year 2000 budget includes activities in extension and outreach to help beginning farmers and ranchers enter agricultural operations. CSREES would conduct the proposed activities in collaboration with other USDA agencies and the land-grant college and university system.

Second National Small Farm Conference: Sessions of the October 1999 conference were dedicated to meeting the needs of underserved clients, including beginning farmers, and to teaching a variety of skills such as entrepreneurial skills, financial planning, and obtaining and managing credit.

FARM WORKERS

Commission Recommendations: The Commission's report noted that if independent, family-sized farmers are to be able to pay themselves a middle-class income for their labor, they cannot compete fairly with large farms that rely on hired farm workers at government-sanctioned low wage levels. The Commission stated that farm workers should be treated fairly and should be provided just compensation for their labor and the same protections afforded all working people under existing labor laws and regulations. Recommendations of the Commission reinforced many of those put forward by USDA's 1997 Civil Rights Action Team report. The Commission suggested a federal task force to examine existing laws and enforcement of regulations affecting farm workers. The Commission also called for increased funding for farm worker housing and greater effort on outreach.

Report Card Achievements Noted: USDA received positive marks for establishing a new Farm Worker Coordinator position within the Office of Outreach. USDA was also commended for seeking budget increases and additional appropriations for housing and community facilities.

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National Farm Worker Coordinator: For the first time, USDA targeted farm workers, rather than farms or just farm owner-operators, in delivering assistance when natural disasters strike. In 1999, Secretary Glickman signed a notice informing all States that they were eligible to apply for a portion of $20 million recently appropriated for farm worker disaster assistance. A panel is now reviewing applications for assistance. Awards made this far include: $200,000 for the Arkansas Human Development Corporation and $9.1 million to the California Employment Development Department to provide food vouchers, rent, mortgage assistance, utilities, school supplies, and transportation. California will also establish 200 temporary jobs, provide support for food banks, and reimburse local resources exhausted by the 1998 freeze. An additional $300,000 will be made available to California to expand access to direct medical and dental care and to purchase medicine for farm workers. Florida's Department of Community Affairs will receive $9.1 million to provide housing facilities, establish a revolving loan fund for housing rehabilitation, and establish a housing, education, and training unit at a major correctional facility. Rural Opportunities in New Jersey will receive $300,000 to provide emergency food, shelter, transportation, rent, and mortgage payments; credit counseling; and medical, mental health, and child-care services. In Ohio, Rural Opportunities will receive $400,000 to provide travel assistance, food expenses, school supplies, lodging, and relocation assistance. Rural Opportunities in Puerto Rico will receive $600,000 to provide similar services. In Hope, Arkansas, $33,000 will help upgrade the Arkansas Migrant Rest Center facilities, overnight lodging,

and computer upgrades. And, at the Indiana University of Pennsylvania, $30,000 will be used to conduct research on the characteristics of farm workers who become farm operators.

Rural Housing Service (RHS)
For fiscal year 2000, RHS requested funds for farm worker housing loans and grants totaling $60 million.

CIVIL RIGHTS

Commission Recommendations: The Commission gave a strong endorsement for the recommendations of the USDA Civil Rights Action Team (CRAT) report, emphasizing swift action to settle outstanding discrimination cases brought forward by farmers and USDA employees and to put in place effective civil rights enforcement and monitoring procedures.

Report Card Achievements Noted: Secretary Glickman's commitment to correcting the long-term civil rights abuses by USDA was highly commended. The waiver of the statute of limitations and the resulting settlement of the class action lawsuit by black farmers for racial discrimination are cited as significant achievements. The report card noted that a new Civil Rights Director was hired, and a Civil Rights Division was re-established and staffed within the Office of the General Counsel. The Department received positive marks for issuing administrative notice to remove County Committees from the loan ineligibility process. And, the Department received positive marks for requesting $10 million for the fiscal year 1999 Section 2501 small farmer outreach, training and technical assistance program. Although Congress appropriated only $3 million, the Department repeated its request for $10 million again in fiscal year 2000.

AGENCY HIGHLIGHTS

Farm Service Agency (FSA)
By law, FSA only may lend to family farmers; thus the entire program is directed towards small farmers. As of August 31, 1998, FSA provided almost $176 million to 3,076 socially disadvantaged family farmers. This was a 26-percent increase over the previous year in the number of farmers served and a 22-percent increase in dollars loaned.

FSA Lending: Foreclosures involving civil rights complaints were suspended on December 18, 1997. Foreclosure procedure reviews were made and discrimination complaints are now decided upon before referral to the U.S. Department of Justice.

CRAT Recommendations: Of the 92 recommendations made by the USDA Civil Rights Action Team, 88 have been implemented. Budget recommendations were included in fiscal year 1999 President's Budget.

FSA County Committees and Diversity: The role of FSA County Committees has been changed from determining applicants' eligibility to providing information on local agricultural conditions and practices in an advisory capacity. State and County Committees have been instructed to actively seek nominations of minorities, females, and underserved producer groups. As of August 31, 1998, seats held by minorities on the county committees numbered 303, up 78 percent from 1998; and seats held by women numbered 816, up 38 percent from 1998. The Administration has endorsed HR 2185, sponsored by Rep. Eva Clayton, a bill relating to minority representation on county committees and other issues.

Rural Business-Cooperative Service (RBS)
RBS appointed a representative to the NAACP Small Farm Task Force, who attended a rural advocacy training conference at Tuskegee University. Information on programs provided by RBS was made available at the NAACP national conference in Atlanta, where the major thrust was the plight of black farmers.

Cooperative Research Agreements: RBS initiated cooperative research agreements to assess membership policies and models and to assess the nature and extent of barriers to small farm operators' involvement in cooperatives. A study using current funds and staffing will be completed by fiscal year 2000.

Office of Civil Rights (OCR)
OCR's Program Investigations Division is now fully staffed and has aggressively addressed the complaints in USDA's data base of pending cases. The number of backlogged cases has been reduced from 1,088 to 2. OCR has developed new procedures for processing program complaints of discrimination. The process ensures that the Program Investigations Division makes the jurisdictional determinations on cases within 5 days of receipt of the complaint. The complainant will be informed of the jurisdictional determination and any additional information that the complainant must submit will be requested before obtaining the agency response. The Compliance Review Unit has been reactivated, and a Compliance Review Procedures Manual, which will contain standard operating procedures for the reviews, was distributed in fall 1999. The Programs Investigations Division has been separated into three units, Program Investigation, Program Adjudication, and Program Compliance. And, a new tracking system for processing program complaints was inaugurated in August 1999.

Update on Status of CRAT Recommendations: As of this writing, 72 of the 75 recommendations not requiring legislative action have been implemented. Of the 17 recommendations requiring some form of legislative action, five have been implemented. Eighty-eight recommendations have been fully implemented or steps have been taken to implement them. The development of a USDA minority farms register has been placed under the responsibility of the Office of Outreach. When this process is completed, public notification will be made in the *Federal Register*. The African-American class consent decree was signed and over 21,000 farmers have filed for inclusion in the class.

Manuals have been developed on the processing of EEO complaints and program complaints. Forms associated with these processes are being developed to be included in each manual. These procedures were effective August 1, 1999. For the first time, over 99 percent of USDA employees received Civil Rights training in 1998; training for all employees was completed in 1999.

Discussions are being held with agency administrators to encourage their participation in full employment compliance reviews; this data will aid in determining whether an agency's personnel practices are consistent with EEO guidelines.